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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER	
SHRESTHA, BIJENDRA K	

ART UNIT	PAPER NUMBER
3691	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	09/815,589	GASTINEAU ET AL.	
	Examiner	Art Unit	
	BIJENDRA K. SHRESTHA	3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *05 February 2010*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *44 and 46-48* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☐ Claim(s) *44 and 46-48* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Claims 44, 46-50 and 52-68 are presented for examination after election of restriction without traverse by the Applicant in response dated 11/30/2009. Further to interview on 02/05/2010, Applicant further filed supplemental amendment on 02/05/2010 amending claims 44 and 48, and cancelling claims 49-50 and 52-68. Therefore, claims 44 and 46-48 pending for prosecution of this application.

Priority

Acknowledgement is made that this application is continuation of application 09/536,258 which is patented as 7,099,838.

Double Patenting

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Claims 44 and 46-48 are rejected on the ground of nonstatutory double patenting over claims 1-20 of U. S. Patent No. 7,099,838 since the claims, if allowed, would improperly extend the "right to exclude" already granted in the patent.

The subject matter claimed in the instant application is fully disclosed in the patent and is covered by the patent since the patent and the application are claiming common subject matter, as follows: *producing the hedging basket of securities by extracting factor information from the actively managed fund, where the hedging basket of securities does not reveal the fund assets and calculation of an intra-day net asset value proxy for the actively managed fund by applying prices to the security positions in the actively managed fund portfolio as of the close of trading on the prior day.*

As per claims 44, claims 1-19 of patent '838 teach *producing the hedging basket of securities by extracting factor information related to measures of economic activity or inflation rates from the actively managed fund and applying factor analysis to the extracted factor information, wherein the hedging basket of securities tracks the actively managed fund closely enough over the course of a trading day to allow a trader to manage investment risk in the actively managed fund, where the hedging basket of securities does not reveal the fund assets.*

As per claims 47-48, claims 20 of patent '838 teach *calculation* of *an intra-day net asset value proxy for the actively managed fund by applying prices to the security positions in the actively managed fund portfolio as of the close of trading on the prior day.*

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

2. Claims 44 and 46-48 are rejected under 35 U.S.C. 103(a) as being unpatentable over Dembo, U.S. Patent No. 5,799,287 (reference A in attached PTO-892) in view Gibbons et al. (reference U in attached PTO-892) further in view of Greene (reference V in attached PTO-892).

3. As per claim 44, Dembo teaches a system to calculate a hedging basket of securities for an actively managed fund on an exchange comprising:

a computer system including a processor and memory, which executes computer instructions, and storage, which stores a computer program product with instructions, wherein said computer system produces the hedging basket of securities (see Fig. 1, column 7, lines 5-22, 25-38; where computer system with CPU and memory enables portfolio manager to enter computer instruction to create replicating hedging portfolio for a given target portfolio) by causing a computer *to extract factor information from the actively managed fund and apply factor analysis to the extracted factor information*, wherein the hedging basket of securities tracks the actively managed fund closely enough over the course of a trading day *to allow a trader to manage investment risk in the actively managed fund* (see Fig. 2, column 5, lines 27-51; column 7, lines 51-67;

and column 8, lines 15-20; where computer system provides optimization model to track different factor information to create hedging portfolio with minimum tracking error); and

a connection to a communications network, wherein the computer system sends the factor information or the hedging basket of securities to the trader (see Fig. 8, step 58; column 12, lines 53-61; where system received information to generate a set of suggested trade (to traders) that will produce replicated hedging portfolio).

Dembo does not teach the hedging basket of securities does not reveal the fund assets.

Gibbons et al. the hedging basket of securities does not reveal the fund assets (Gibbons et al., page 233, paragraph 1-3, page 234, last paragraph; where behavior of expected returns over time is used to estimate ratios of betas without observing the hedging portfolio).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow the hedging basket of securities does not reveal the fund assets Dembo because Greene (reference W in attached PTO-892) teaches that inclusion of these features would enable to avoid potential front running by giving limited ranges of securities that could it could invest in, giving an investor an idea of the fund position without encouraging front-running (Greene, page 2, paragraph 1-2).

The phrases in italics "causing a computer *to extract factor information from the actively managed fund and apply factor analysis to the extracted factor information" and "to allow a trader to manage investment risk in the actively managed fund"* pertains to **Intended Use Language**, which do not carry any patentable weight. A recitation of the

intended use of the claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim (see MPEP form paragraph 07-37-09).

4. As per claim 46, Dembo in view of Gibbons et al. and Greene teach claim 44 as described above. Dembo further teaches the system wherein

the factors that are examined by factor analysis include factors related to measures of economic activity or inflation rates (see Fig. 8, Input Data (50); column 12, lines 37-41; where input information for replicating portfolio include market parameters).

5. Claims 47-48 are rejected under 35 U.S.C. 103(a) as being unpatentable over Dembo, U.S. Patent No. 5,799,287 (reference A in attached PTO-892) in view Gibbons et al. (reference U in attached PTO-892) and Greene (reference V in attached PTO-892) further in view of Kiron et al., U.S. Patent No. 5,806,048 (reference B in attached PTO-892).

47. As per claim 47, Dembo in view of Gibbons et al. and Greene teach claim 44 as described above. Dembo further teaches the system wherein

Dembo does not teach an intra-day net asset value proxy for the actively managed fund is calculated by applying prices to the security positions in the actively managed fund portfolio *as of the close of trading on the prior day*.

Kiron et al. teach an intra-day net asset value proxy for the actively managed fund is calculated by applying prices to the security positions in the actively managed

fund portfolio *as of the close of trading on the prior day* (Kiron et al., column 24-36, 52-67; where intra-day net asset value of replicated asset is calculated at the end of the day).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to teach an intra-day net asset value proxy for the actively managed fund is calculated by applying prices to the security positions in the actively managed fund portfolio *as of the close of trading on the prior day* Dembo because Kiron et al. teach net asset value of open end fund is unknown during the 59 minutes of each hour , correlation between the basket of stocks to performance of the open end sector funds would be neither reliable nor consistent and it is very tedious, time consuming and difficult to determine an exact net asset value during the day (Kiron et al., column 1, lines 26-30 and 51-67).

6. As per claim 48, Dembo in view of Gibbons et al. and Greene teach claim 44 as described above. Dembo further teaches the system wherein

Dembo does not teach the system comprising a second computer system which is a trusted computer system including a second processor and second memory, which executes computer instructions and storage, which stores a computer program product with instructions for causing a computer to determine an intra-day net asset value proxy for the fund by applying prices to security positions in the fund portfolio as of the close of trading on the prior day.

Kiron et al. teach the system comprising a second computer system which is a trusted computer system including a second processor and second memory, which

executes computer instructions and storage, which stores a computer program product with instructions for *causing a computer to determine an intra-day net asset value proxy for the fund by applying prices to security positions in the fund portfolio as of the close of trading on the prior day* (Kiron et al., 1A, Step 10; column 4, lines 35-57; column 24-36, 52-67; where intra-day net asset value of replicated asset is calculated at the end of the day).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to teach an intra-day net asset value proxy for the actively managed fund is calculated by applying prices to the security positions in the actively managed fund portfolio *as of the close of trading on the prior day* Dembo because Kiron et al. teach net asset value of open end fund is unknown during the 59 minutes of each hour , correlation between the basket of stocks to performance of the open end sector funds would be neither reliable nor consistent and it is very tedious, time consuming and difficult to determine an exact net asset value during the day (Kiron et al., column 1, lines 26-30 and 51-67).

The phrases in italics "*causing a computer to determine an intra-day net asset value proxy for the fund by applying prices to security positions in the fund portfolio as of the close of trading on the prior day"* pertains to **Intended Use Language**, which do not carry any patentable weight. A recitation of the intended use of the claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the

prior art structure is capable of performing the intended use, then it meets the claim (see MPEP form paragraph 07-37-09).

Conclusion

7. The prior art made of record and not relied upon is considered pertinent to applicant's disclosures. The following are pertinent to current invention, though not relied upon:

Feuerverger (U.S. Pub No. 2003/01399932) teaches method and device for calculating value at risk.

Groveman et al. (U.S. Patent No. 7,103,569) teach active account management using volatility arbitrage.

Karp et al. (U.S. Patent No. 6,832,209) teach method and apparatus for tax-efficient investment using both long and short positions.

Ng et al. (U.S. Pub No. 2005/0027638) teach highly automated system for managing hedge funds.

Weiss et al. (U.S. Patent No. 5,987,435) teach proxy asset data processor.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Bijendra K. Shrestha whose telephone number is (571) 270-1374. The examiner can normally be reached on 7:00 AM-4:30 PM (Monday-Friday); 2nd Friday OFF.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571) 272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Bijendra K. Shrestha/
Examiner, Art Unit 3691
02/12/2010